



Funding Options for Low-Income Residents of Assisted Living Facilities

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BACKGROUND

With a licensed capacity of 32,000 residents in 2011, Virginia's 561 assisted living facilities (ALFs) provide assistance and care for persons with limited functional capabilities. About 5,300 ALF residents receive Virginia's auxiliary grant, which is a supplemental payment for individuals receiving federal Supplemental Security Income (SSI). The auxiliary grant is the primary state funding for low-income individuals in assisted living. Demand for assisted living services is increasing in Virginia along with the costs of care. There are concerns about how payments to ALFs on behalf of an auxiliary grant recipient made by third parties (typically a family or community member) affect eligibility for SSI and the auxiliary grant.

KEY FINDINGS

In our review of third-party payments and current and potential funding sources for ALFs, we noted the following:

- The availability of assisted living for low-income Virginians is declining. The number of ALFs that accept the auxiliary grant and the average monthly auxiliary grant caseload have both decreased over the last decade.
- Payments to ALFs by family or community members on behalf of an auxiliary grant recipient will have a limited impact because fewer than ten percent of the recipients have such support. However, program requirements could be changed to permit third-party payments and address concerns about whether individuals retain their eligibility for SSI and how ALFs will use the additional funds.
- Options for additional revenue sources for ALFs serving low-income individuals include expanding Medicaid coverage of assisted living, for which the federal government would share some of the costs; creating a new, fully state-funded program; or increasing the auxiliary grant rate. A modest \$37 per month increase in the rate could result from "freezing" the current appropriation, assuming a continued decline in caseload.

SUMMARY OF RECOMMENDATIONS

- ALFs should be allowed to accept voluntary third-party payments on behalf of auxiliary grant recipients for the provision of goods and services other than food or shelter. These third-party payments should be excluded from an individual's countable income, and ALFs that accept these payments should be required to provide specific, documented services beyond those required by regulations.
- The Department of Social Services should issue guidance that clarifies the services ALFs are required to provide for auxiliary grant recipients.